

Message Text

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PAGE 01 LIMA 01973 012253Z

63

ACTION ARA-10

INFO OCT-01 EA-07 ISO-00 SS-15 NSC-05 AID-05 CIAE-00

COME-00 EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00

XMB-02 OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01

PA-01 PRS-01 L-03 H-02 IO-11 EUR-12 /110 W

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R 012223Z MAR 76

FM AMEMBASSY LIMA

TO AMEMBASSY LONDON

INFO SECSTATE WASHDC 9084

AMEMBASSY MANILA

CONFIDENTIAL LIMA 1973

EO 11652: GDS

TAGS: AFIN, EAID, PE

SUBJECT: ALLEGED REFUSAL OF LOAN TO GOP

1. A USUALLY RELIABLE SOURCE HAS INFORMED EMBASSY THAT A LONDON COMMERCIAL BANK DECIDED NOT TO AUTHORIZE A LOAN OF \$25 MILLION PERU BECAUSE OF SPEECH MADE BY FOREIGN MINISTER DE LA FLOR AT THE MANILA CONFERENCE OF GROUP OF 77 IN WHICH HE SUGGESTED THAT DEBTS OF CERTAIN LDCS BE SUBJECT OF A PAYMENTS MORATORIUM. ACCORDING TO THIS SOURCE THE BANK, LAZARD BROTHERS AND CO. LIMITED, WAS FAVORABLY CONSIDERING A LOAN TO PERU FOR \$25 MILLION TO COVER THE LOCAL COSTS OF THE MAJES IRRIGATION PROJECT IN SOUTHERN PERU (IN WHICH A BRITISH COMPANY IS INVOLVED WITH OTHER FOREIGN CONTRACTORS). FOLLOWING GENERAL DE LA FLOR'S SPEECH IN MANILA, THE BANK IS REPORTED TO HAVE TURNED DOWN THE LOAN REQUEST SPECIFICALLY BECAUSE OF THE MANILA SPEECH.

2. IF THE REPORT IS CORRECT, THIS WOULD BE THE FIRST DIRECT ACTION WHICH HURTS PERU AS A RESULT OF THE FOREIGN MINISTER'S SPEECH. IN THE CURRENT BALANCE OF PAYMENTS CRISIS, A LOAN FOR LOCAL CURRENCY EXPENDITURES WOULD HAVE CONFIDENTIAL

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PAGE 02 LIMA 01973 012253Z

BEEN PARTICULARLY HELPFUL TO PERU. THE MINISTER'S STATE-

MENT MAY HAVE ALSO MADE IT MORE DIFFICULT FOR PERU TO
OBTAIN FINANCIAL ASSISTANCE FROM OTHER COMMERCIAL BANKS,
BUT THIS IS THE FIRST INDICATION OF AN ACTUAL TURN-DOWN
BASED ON THE SPEECH.

3. COMMENT: IT SHOULD BE NOTED THAT DE LA FLOR SPECIFICALLY
CALLED FOR CONSIDERATION OF A DEBT MORATORIUM FOR THE MOST
SERIOUSLY AFFECTED, NOT ALL LDCS. HOWEVER, LOCAL BANKERS
AND OTHERS HAVE INTEPRETED SPEECH TO INCLUDE PERU, ALTHOUGH
FOREIGN MINISTRY OFFICIALS MAINTAIN TO US THAT SPEECH WAS
NOT INTENDED TO APPLY TO PERU. ANY INFORMATION DEVELOPED
BY LONDON ON THIS MATTER WOULD BE APPRECIATED.

DEAN

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Message Attributes

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